

Agency Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	182.15	182.15	192.65	192.65	182.15	192.65	10.50	5.76%
Personal Services	9,331,043	10,082,132	10,525,020	10,567,947	19,413,175	21,092,967	1,679,792	8.65%
Operating Expenses	15,431,921	17,171,617	16,326,552	16,499,263	32,603,538	32,825,815	222,277	0.68%
Equipment & Intangible Assets	273,976	307,305	323,976	323,976	581,281	647,952	66,671	11.47%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	1,287,008	1,412,260	13,614,431	13,614,431	2,699,268	27,228,862	24,529,594	908.75%
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0	0.00%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$26,326,228	\$28,975,594	\$40,792,259	\$41,007,897	\$55,301,822	\$81,800,156	\$26,498,334	47.92%
General Fund	5,345,653	5,537,043	5,723,312	5,834,291	10,882,696	11,557,603	674,907	6.20%
State Special	1,004,215	1,472,895	1,428,654	1,398,019	2,477,110	2,826,673	349,563	14.11%
Federal Special	19,976,360	21,965,656	33,640,293	33,775,587	41,942,016	67,415,880	25,473,864	60.74%
Total Funds	\$26,326,228	\$28,975,594	\$40,792,259	\$41,007,897	\$55,301,822	\$81,800,156	\$26,498,334	47.92%

Agency Description

Agency Mission: To provide for safety and well being for citizens of Montana through mission-ready forces, for federal and state activations, emergency services as directed by the Governor, and services to Montana Veterans.

The Department of Military Affairs is administered by the Adjutant General and his staff. The agency oversees all activities of the Army and Air National Guard, Disaster and Emergency Services, The National Guard Youth Challenge program, and the National Guard educational outreach program, STARBASE. The Veterans Affairs Division, which is administratively attached to the department, manages and coordinates with state and federal agencies in providing services for veterans and their families as well as the state veterans' cemeteries.

The department, through the Army and Air National Guard, manages a joint federal-state program that maintains trained and equipped military organizations for the Governor in the event of a state emergency and the President in the event of a national emergency. The department also plans for and coordinates state responses in disaster and emergency situations.

Agency Highlights

Military Affairs Major Budget Highlights	
♦	The executive recommends a 47.9 percent increase in overall funding from the 2009 to the 2011 biennium including a 6.2 percent increase from the general fund
♦	The executive adds: <ul style="list-style-type: none"> • funding for federal disaster and emergency grants that were funded through budget amendments in prior biennia • adds an additional total of 10.5 FTE and associated funding to expand the Challenge Program, Army National Guard, and Veterans Affairs
♦	The 2011 biennium budget annualizes the STARBASE program, which had a delayed start in the 2009 biennium

♦ All programs submitted goals and objectives for the 2011 biennium
Major LFD Issues
<ul style="list-style-type: none"> ♦ Goals and objectives in several programs lack correctly stated goals and/or lack specific, measurable, accountable, relevant or time-bound objectives ♦ State special revenue accounts may not support requested expenditures for Missoula cemetery

Agency Discussion

Goals and Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

Agency Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Agency Market** –
 - With regard to the hiring of new employees, agency policy states that employees new to state government start at 85 percent of market. Existing state employees retain their current pay rate or start at 85 percent, whichever is highest.
 - FY 2006, the agency to market ratio was 98 percent relative to the 2006 market study. By June 30, 2008 the agency to market ratio was 103 percent relative to the 2006 market study. After implementing the HB 13 adjustments in 2008, the agency projects an agency to market ratio of 91 percent relative to the 2008 market survey. The agency to market ratio target for the 2011 biennium is 100 percent relative to the 2008 market survey.
- o **Obstacles** –
 - The agency anticipates a shortage of general fund authority to move some positions to the target market rate for the 2011 biennium. The agency provided discretion for the distribution of the 0.6 percent market adjustment portion of the HB 13 increase to the program level in most cases. Most programs provided increases to achieve target market ratio or as a blanket increase.

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Centralized Services Division	\$ 1,331,989	\$ -	\$ 468,418	\$ 1,800,407	2.20%
02 Challenge Program	2,622,707	-	4,051,705	6,674,412	8.16%
03 Scholarship Program	500,000	-	-	500,000	0.61%
04 Starbase	-	-	740,529	740,529	0.91%
12 Army National Guard Pgm	2,649,401	-	26,184,976	28,834,377	35.25%
13 Air National Guard Pgm	751,386	-	7,233,668	7,985,054	9.76%
21 Disaster & Emergency Services	1,910,463	634,969	28,736,584	31,282,016	38.24%
31 Veterans Affairs Program	1,791,657	2,191,704	-	3,983,361	4.87%
Grand Total	<u>\$ 11,557,603</u>	<u>\$ 2,826,673</u>	<u>\$ 67,415,880</u>	<u>\$ 81,800,156</u>	<u>100.00%</u>

The Department of Military Affairs is funded from general fund, state special revenue, and federal special revenue funds. General fund supports a portion of most of the programs in the department and 100 percent of the cost of the National Guard Scholarship program. General fund would increase 6.2 percent in the 2011 biennium from the 2009 biennium.

State special revenue funds the Disaster and Emergency Services Division, Veterans Affairs Division and Montana Military Family Relief program. The Veterans Affairs Division accounts for 73.3 percent of the state special revenue funding with revenues generated through vehicle registrations, specialty license plates, and cemetery plot fees and donations.

Federal special revenues account for approximately 82.3 percent of total agency funding. The most significant impact to the total funding increase is the movement of \$24.88 million in federal grants previously appropriated via budget amendments to HB 2 in the 2011 biennium.

Statutory Appropriations

The following table shows the total statutory appropriations associated with this agency. Because statutory appropriations do not require reauthorization each biennium, they do not appear in HB 2 and are not routinely examined by the legislature. The table is provided so that the legislature can get a more complete picture of agency operations and associated policy.

Statutory Appropriations Department of Military Affairs					
Purpose	MCA #	Fund Source	Fiscal 2008	Fiscal 2010	Fiscal 2011
<u>No Direct Bearing on Agency Operations</u>					
National Guard death benefit	10-1-1202	GF	\$100,000	\$0	\$0
MT military family relief	10-1-1303	SSR	\$81,750	\$81,750	\$81,750
<u>Direct Bearing on Agency Operations</u>					
State veterans' cemetery	10-2-603	SSR	\$217,575	\$309,239	\$308,763
<u>Emergency and Disaster</u>					
Federal payments for disasters and fire suppression	10-3-203	FSR	\$127,571	\$0	\$0
Local incidence response by state	10-3-310	GF	\$151,596	\$0	\$0
Governor declared emergency or disaster	10-3-312(1)	GF	\$633,377	\$0	\$0
Contingency to address environmental problem	75-1-1101	SSR	\$23,890	\$0	\$0

As appropriate, LFD staff has segregated the statutory appropriations into two general categories: 1) those where the agency primarily acts in an administrative capacity and the appropriations consequently do not relate directly to agency operations; and 2) those that have a more direct bearing on the mission and operations of the agency.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	5,345,653	5,345,653	10,691,306	92.50%	26,326,228	26,326,228	52,652,456	64.37%
Statewide PL Adjustments	178,233	232,668	410,901	3.56%	642,329	687,143	1,329,472	1.63%
Other PL Adjustments	75,057	131,904	206,961	1.79%	1,259,209	1,430,899	2,690,108	3.29%
New Proposals	124,369	124,066	248,435	2.15%	12,564,493	12,563,627	25,128,120	30.72%
Total Budget	\$5,723,312	\$5,834,291	\$11,557,603		\$40,792,259	\$41,007,897	\$81,800,156	

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	11.20	11.20	11.20	11.20	11.20	11.20	0.00	0.00%
Personal Services	670,827	797,159	801,539	802,776	1,467,986	1,604,315	136,329	9.29%
Operating Expenses	91,829	121,430	96,705	92,245	213,259	188,950	(24,309)	(11.40%)
Equipment & Intangible Assets	1,291	0	1,291	1,291	1,291	2,582	1,291	100.00%
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0	0.00%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$766,227	\$920,869	\$901,815	\$898,592	\$1,687,096	\$1,800,407	\$113,311	6.72%
General Fund	548,684	630,258	667,784	664,205	1,178,942	1,331,989	153,047	12.98%
State Special	0	0	0	0	0	0	0	n/a
Federal Special	217,543	290,611	234,031	234,387	508,154	468,418	(39,736)	(7.82%)
Total Funds	\$766,227	\$920,869	\$901,815	\$898,592	\$1,687,096	\$1,800,407	\$113,311	6.72%

Program Description

The Centralized Services Division provides departmental administration through the Office of the Adjutant General and agency-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

Program Highlights

Centralized Services Division Major Budget Highlights	
◆	The majority of the 6.72 percent increase from the 2009 biennium to the 2011 biennium is due to statewide present law adjustments
Major LFD Issues	
◆	Several of the 2011 biennium goals do not meet the criteria of being specific, measureable, achievable, relevant and time-bound

Program Narrative

Goals and Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

This program had no goals that were monitored by the legislature during the 2009 Interim.

2011 Biennium Major Goals

Goal:

- Maintain department wide fiscal responsibility on behalf of the Adjutant General
- Objectives:
 - Ensure new policies and guidance on fiscal matters is distributed to programs

Goal:

- Provide accounting functions to all divisions and programs in accordance with generally accepted accounting principles and in compliance with state and federal laws and regulations
- Objectives:
 - Ensure all federal expenditures are allowable for reimbursement and are reimbursed.
 - Ensure all bill are paid within 10 days of receipt by CSD

Goal:

- Oversee and coordinate the department-wide budget preparation and submission process, provide committee testimony, prepare legislative fiscal notes and monitor the progress of the legislative budget bills
- Objective:
 - Meet all deadlines for budget and fiscal note submission.

Goal:

- Provide assistance to divisions in monitoring budgets for compliance with legislative intent and state and federal mandates
- Objective:
 - Ensure program compliance with state and federal fiscal year end requirements and timelines

**LFD
ISSUE**

Several of the Goals and Objectives Lack the Requirements that Allow for a Qualitative Conclusion.

A goal is a general statement about a desired outcome with one or more objectives that are specific, measurable, accountable, reportable and time bound. The point of this construction is to allow a conclusion as to whether or not the goal is being achieved. For example:

- The goals are not general statements of outcomes, but accountability statements about normal work output typical of a job description
- The objectives are not time-bound; there is no point at which an evaluation of completion can be made
- The objectives are not relevant; they don't logically relate to achieving the goal

Goals and objectives and the subsequent monitoring of those goals allow the legislature to evaluate what value the constituency of Montana is receiving for the functions that are being funded. The legislature may wish to discuss with the division goals and objectives that will provide measurable means to determine if desired outcomes are being met.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Centralized Services Division						
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011
01000	Total General Fund	\$ 548,684	71.6%	\$ 667,784	74.0%	\$ 664,205
	01100 General Fund	548,684	71.6%	667,784	74.0%	664,205
03000	Total Federal Special Funds	217,543	28.4%	234,031	26.0%	234,387
	03132 National Guard	152,714	19.9%	161,448	17.9%	161,693
	03134 Disaster & Emergency Services	27,716	3.6%	32,260	3.6%	32,309
	03453 Air National Guard	37,113	4.8%	40,323	4.5%	40,385
Grand	Total	\$ 766,227	100.0%	\$ 901,815	100.0%	\$ 898,592

The Centralized Services Division is funded through the both general fund and federal funds. Federal fund support is provided by federal-state agreements. Costs of positions and activities that provide support to federally funded operations are applicable for federal funding. During the base year, federal funds accounted for approximately 28 percent of the funding for the division. For the 2011 biennium, federal funds would support 26 percent. The decrease in the percentage is attributable to fully funding vacant positions during the base year that are primarily general fund supported.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	548,684	548,684	1,097,368	82.39%	766,227	766,227	1,532,454	85.12%
Statewide PL Adjustments	118,648	115,132	233,780	17.55%	135,136	131,976	267,112	14.84%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	452	389	841	0.06%	452	389	841	0.05%
Total Budget	\$667,784	\$664,205	\$1,331,989		\$901,815	\$898,592	\$1,800,407	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					164,111					165,397
Vacancy Savings					(33,399)					(33,448)
Inflation/Deflation					625					912
Fixed Costs					3,799					(885)
Total Statewide Present Law Adjustments					\$135,136					\$131,976
Grand Total All Present Law Adjustments					\$135,136					\$131,976

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity the LFD.

o Market Rate

- The program adheres to the agency's policies regarding entry rate (85 percent of market) and time to market rate (within 3 years)
- The program has been able to maintain agency policy stated ratios with respect to previous market surveys, but the ratio has fallen slightly with respect to the current (2008) market survey

o Vacancy

- The program experienced a high level of vacancy in terms of dollars expended in the base year. Total expenditures were 22.5 percent below the base year budget
- This program has only 11.2 FTE and one of those positions was vacant the entire base year. In addition other positions are left unfilled in order to address the applied vacancy rate and to generate additional vacancy savings
- In terms of total hours worked in relation to total hours budgeted, the agency experienced a savings of 11.84 percent

o **Position/Pay Changes**

- Changes in position and pay during the base year were given to address internal pay equity. Increases outside of HB 13 adjustments were less than 20 percent of the total increases
- Funding for other than the HB 13 increases was provided by holding positions open. The program makes workload adjustments for existing employees in order to prevent negative service impacts to customers

o **Retirements**

- The program will have one employee retire in the 2009 biennium. The program anticipates two employees retiring in the 2011 biennium at a cost of \$28,829 in compensated absence liabilities. Operational concerns resulting from retirements are addressed through the continual cross-training of staff so that remaining employees can assume the duties of vacant positions until they can be filled

New Proposals

New Proposals										
Program	FTE	Fiscal 2010				FTE	Fiscal 2011			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Managment Pgm Allocation										
01	0.00	452	0	0	452	0.00	389	0	0	389
Total	0.00	\$452	\$0	\$0	\$452	0.00	\$389	\$0	\$0	\$389

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	47.65	47.65	49.15	49.15	47.65	49.15	1.50	3.15%
Personal Services	2,060,522	2,088,284	2,144,083	2,150,977	4,148,806	4,295,060	146,254	3.53%
Operating Expenses	1,110,658	1,197,848	1,194,191	1,185,161	2,308,506	2,379,352	70,846	3.07%
Total Costs	\$3,171,180	\$3,286,132	\$3,338,274	\$3,336,138	\$6,457,312	\$6,674,412	\$217,100	3.36%
General Fund	1,251,661	1,288,737	1,311,902	1,310,805	2,540,398	2,622,707	82,309	3.24%
Federal Special	1,919,519	1,997,395	2,026,372	2,025,333	3,916,914	4,051,705	134,791	3.44%
Total Funds	\$3,171,180	\$3,286,132	\$3,338,274	\$3,336,138	\$6,457,312	\$6,674,412	\$217,100	3.36%

Program Description

The Montana National Guard Youth ChalleNGe Program is a volunteer program for youth ages 16 to 18 who have stopped attending secondary school before graduating. ChalleNGe is a 17-month, voluntary two-phased military modeled training program targeting unemployed, drug-free, and crime-free high school dropouts. The program provides an opportunity for high school "at risk" youth to enhance their life skills, increase their educational levels, and their employment potential. Phase I of the program is a 22 week residential stay on the campus of Western Montana College of the University of Montana in Dillon focusing on physical training, classroom instruction, personal development, and life skills. Phase II is a year-long mentoring relationship with a specially-trained member of the community where the youth resides to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

Program Highlights

Challenge Program Major Budget Highlights	
♦ The executive has requested expansion of the current program budget including:	<ul style="list-style-type: none"> • The addition of 0.5 FTE and associated costs for mentoring • The addition of 1.0 FTE and associated costs for recruiting
Major LFD Issues	
♦ Program goals lack specific, measurable, achievable, relevant and time-bound objective	

Program Narrative

Goals and Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

This program had no goals that were monitored by the legislature during the 2009 biennium

2011 Biennium Major Goals

Goal:

- Each youth will increase their grade level status as measured against a pre and post test of the Test of Adult Basic Education (TABE).

Objectives:

- Five hours a day of academic instruction
- Two hours a day of study hall
- Volunteer tutors

Goal:

- The program will obtain better than a 70 percent General Education Diploma (GED) success rate for all graduating classes

Goal:

- Each youth will have in hand a completed life plan that outlines a realistic and achievable plan for success after the completion of the residential phase of the program.

Goal:

- The program will identify and establish at least one program enhancing partnership at the state level, in the public or private sector by the end of the 2011 biennium. The partnership will support placement of the cadets, improve public relations, and ensure the continued promotion and welfare of the program.

**LFD
ISSUE**

Goals are Presented Without Objectives

Several of these goals lack the objectives that provide the steps that define how the goal is to be achieved. For example we don't know what steps the program will take to ensure the 70 percent GED success rate for their graduating classes. These steps might include:

- Two hours of daily study during the residential stay portion of the program
- GED practice test at the program mid-point
- Two weeks of individual tutoring for program participants who fail the practice test

In this way it is clearly demonstrated how the program will achieve the goals it has set out. The legislature may wish to discuss with the division how success in these areas will be measured when discussing the division's appropriations.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table						
Challenge Program						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 1,251,661	39.5%	\$ 1,311,902	39.3%	\$ 1,310,805	39.3%
01100 General Fund	1,251,661	39.5%	1,311,902	39.3%	1,310,805	39.3%
03000 Total Federal Special Funds	1,919,519	60.5%	2,026,372	60.7%	2,025,333	60.7%
03132 National Guard	1,919,519	60.5%	2,026,372	60.7%	2,025,333	60.7%
Grand Total	\$ 3,171,180	100.0%	\$ 3,338,274	100.0%	\$ 3,336,138	100.0%

The Youth Challenge Program is funded with general fund and federal special revenue at a 60/40 federal to state funding ratio for most costs. Some travel and special projects required by the federal/state cooperative agreement are funded 100 percent from federal funds. Total funding ratios between general fund and federal special revenue remain nearly constant

and reflect the increases in total expenditures. The program seeks to expand the number of FTE in the 2011 biennium to account for workload and program participant recruitment.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,251,661	1,251,661	2,503,322	95.45%	3,171,180	3,171,180	6,342,360	95.02%
Statewide PL Adjustments	22,367	21,398	43,765	1.67%	22,406	20,591	42,997	0.64%
Other PL Adjustments	36,875	36,880	73,755	2.81%	142,189	142,200	284,389	4.26%
New Proposals	999	866	1,865	0.07%	2,499	2,167	4,666	0.07%
Total Budget	\$1,311,902	\$1,310,805	\$2,622,707		\$3,338,274	\$3,336,138	\$6,674,412	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					76,869					84,039
Vacancy Savings					(85,497)					(85,784)
Inflation/Deflation					1,748					2,031
Fixed Costs					29,286					20,305
Total Statewide Present Law Adjustments					\$22,406					\$20,591
DP 201 - Improve ChalleNGE Recruiting Efforts	1.00	15,342	0	23,014	38,356	1.00	15,346	0	23,018	38,364
DP 202 - Funding for ChalleNGE 24/7 Overtime	0.00	14,000	0	21,000	35,000	0.00	14,000	0	21,000	35,000
DP 203 - Challenge Mentoring Activity Support	0.50	7,533	0	11,300	18,833	0.50	7,534	0	11,302	18,836
DP 204 - Federal Spending Authority for Challenge Training	0.00	0	0	50,000	50,000	0.00	0	0	50,000	50,000
Total Other Present Law Adjustments	1.50	\$36,875	\$0	\$105,314	\$142,189	1.50	\$36,880	\$0	\$105,320	\$142,200
Grand Total All Present Law Adjustments					\$164,595					\$162,791

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD

o Market Rate

- The program adheres to the agency's policies regarding entry rate (85 percent of market) and time to market rate (within 3 years).
- The program was not able to reach 100 percent of the market survey. The program was at 91 percent of the market determined in the 2008 executive branch market survey.

o Vacancy

- The program has identified the Drill Instructor/Cadre position as a position prone to turnover due to a low level of compensation and a high level of work stress. To address this, union contracts were modified to allow for shift differentials and team leader adjustments funded from the 0.6 percent portion of the HB 13 increase in the 2009 biennium.

- Personal services expenditures exceeded the budgeted amounts by approximately 4.2 percent and therefore did not generate vacancy savings for the program. Additional funding for staff was provided by shifting funds from operational expenditures. These reductions included \$43,600 for food services, \$23,000 for outside services, \$5,000 for travel, and \$5,000 for cadet clothing.
- **Position/Pay Changes**
 - In addition to the increases provided by HB 13, the Legislature, during the 2009 biennium, voted to include the program's teachers in the educator payment provided by the Office of Public Instruction. As part of the last union contract, this payment was included in the teacher's base pay.
 - All of the program's teacher positions were reclassified from a band 5 to a band 6. Two teachers were given an increase to move them to the minimum at 80 percent of market.
 - In order to fund these additional increases, the program redirected funds from operational expenditures as outlined above. The program states that they were able to do this because enrollment in the program was less than expected and there was no adverse impact on the program participants.
- **Retirements**
 - Two employees retired or will retire in the 2009 biennium. Three additional employees are eligible for full retirement in the 2011 biennium with a anticipated compensated absence liability of \$15,000. The program does not anticipate any impact to operations as a result of these retirements.

DP 201 - Improve ChalleNGE Recruiting Efforts - The executive recommends \$38,356 in FY 2010 and \$38,364 in FY 2011 in additional general fund and federal special revenue funding for 1.00 FTE to improve the program's recruiting efforts. Due to the large size of the state and the limited number of recruiters in the program the program has been unable to generate adequate applications for entry into the Montana Youth Challenge Program. Lack of applications has adversely affected the graduation rates and the viability of the program.

The 2005 Legislative Audit identified that in the Billings, Bozeman, Butte, Missoula, and Kalispell/Flathead Valley areas of the state and the Crow, Rocky Boy's, and Flathead Indian Reservations, the program's recruitment rates were less than the drop out rate. The audit recommended that the program analyze program recruitment data and target recruitment resources based on the student drop out rate for individual high school districts.

DP 202 - Funding for ChalleNGe 24/7 Overtime - The budget includes \$35,000 general fund and federal special revenue funding each year of the biennium to support overtime, holidays worked, and excess exempt comp time payout costs for the Montana Youth Challenge program. These costs are zero based and are not included in the program's base budget. These costs are incurred because the program is required to have staff coverage 24 hours a day, 7 days a week.

DP 203 - Challenge Mentoring Activity Support - The executive recommends \$18,833 in FY 2010 and \$18,836 in FY 2011 general fund and federal special revenue funding to add 0.50 FTE to serve as a case manager for mentoring activities for the Montana Youth ChalleNGe Program. Montana Youth ChalleNGe is a 17-month program that includes a 5 month residential phase and a 12 month post-residential phase. The program currently has 2.50 FTE who are case managers responsible for managing the mentoring caseload of the two post residential classes as well as placement and mentoring activities of the current residential class.

DP 204 - Federal Spending Authority for Challenge Training - This request is for \$50,000 of 100 percent federal spending authority each year of the biennium for ChalleNGe employees to participate in training classes required by National Guard Bureau. These federal funds do not require any state matching funds.

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation										
02	0.00	999	0	1,500	2,499	0.00	866	0	1,301	2,167
Total	0.00	\$999	\$0	\$1,500	\$2,499	0.00	\$866	\$0	\$1,301	\$2,167

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Operating Expenses	250,000	250,000	250,000	250,000	500,000	500,000	0	0.00%
Total Costs	\$250,000	\$250,000	\$250,000	\$250,000	\$500,000	\$500,000	\$0	0.00%
General Fund	250,000	250,000	250,000	250,000	500,000	500,000	0	0.00%
Total Funds	\$250,000	\$250,000	\$250,000	\$250,000	\$500,000	\$500,000	\$0	0.00%

Program Description

The Montana National Guard Scholarship Program provides scholarships to eligible Montana National Guard personnel enrolled as undergraduate students in Montana colleges, universities, or training programs. The program assists Montana in recruiting and retaining personnel in both the Army and Air National Guard and in enhancing its operational readiness to assume both state and federal active duty missions. Scholarships also reward guard members for their service to the state by helping defray their educational costs at Montana post-secondary institutions.

LFD COMMENT	<p>Each scholarship is awarded at the completion of a semester of study. Scholarships values are up to \$900 award per semester for a total of \$1800 a year for one student. Approximately 400-450 applications are received each year for scholarships. In FY 2008 a total of 411 scholarships were awarded as follows:</p> <ul style="list-style-type: none"> ○ Summer 2007 6 ○ Fall 2007 232 ○ Spring 2008 173
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Program Highlights

Scholarship Program Major Budget Highlights	
◆	The program has no change in funding from the prior biennium

Program Narrative

Goals and Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

This program had no goals that were monitored by the legislature during the 2009 biennium.

2011 Biennium Major Goals

Goal: Educate all eligible National Guard members on MTNG Scholarship Program benefits and eligibility

requirements.

Objectives:

- Ensure all units have scholarship information posted on unit bulletin boards
- Ensure National Guard (Army and Air) websites contain scholarship information
- Ensure the DMAMT Circular 621-03-1, Montana National Guard Scholarship Program publication is updated and circulated each biennium

Goal: Ensure that all program requirements are met before approving scholarship payments.

Objective:

- Ensure all applications are reviewed with confirmation of grades coordinated with the educational institutions

Goal: Accurately account and record scholarship requests, awards, and payments to effectively manage benefits.

Objectives:

- Maintain an electronic data warehouse of information to monitor scholarship requests, payments, and funding
- Perform annual internal audits of the program to confirm compliance with program controls and management objectives

**LFD
ISSUE**

Objectives Have No Time-Bound Requirement

The objectives that the program has presented are not time-bound. Without a time of completion requirement to the objective it is not possible to define the completion of the objective. The goal can be put off indefinitely which is the same as having no goal at all. The legislature may wish to discuss with the division appropriate time periods in which success can be measured.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Scholarship Program							
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000	Total General Fund	\$ 250,000	100.0%	\$ 250,000	100.0%	\$ 250,000	100.0%
	01100 General Fund	250,000	100.0%	250,000	100.0%	250,000	100.0%
Grand	Total	\$ 250,000	100.0%	\$ 250,000	100.0%	\$ 250,000	100.0%

This program is funded entirely through the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	250,000	250,000	500,000	100.00%	250,000	250,000	500,000	100.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$250,000	\$250,000	\$500,000		\$250,000	\$250,000	\$500,000	

Program Personal Services Narrative

This program has no FTE.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	95,963	168,044	212,950	213,009	264,007	425,959	161,952	61.34%
Operating Expenses	154,039	81,956	157,648	156,922	235,995	314,570	78,575	33.30%
Total Costs	\$250,002	\$250,000	\$370,598	\$369,931	\$500,002	\$740,529	\$240,527	48.11%
Federal Special	250,002	250,000	370,598	369,931	500,002	740,529	240,527	48.11%
Total Funds	\$250,002	\$250,000	\$370,598	\$369,931	\$500,002	\$740,529	\$240,527	48.11%

Program Description

The Montana STARBASE “Big Sky” Program is a program for elementary school aged children to raise the interest and improve the knowledge and skills of at-risk youth in math, science, and technology by exposing them and their teachers to real world applications of math and science through experimental learning, simulations, and experiments in aviation and space-related fields as it deals with a technological environment. The program also addresses drug use prevention, health, self esteem, and life skills with a math and science based program. The program has implemented policies, responsibilities, and procedures for execution of the program under the authority of Section 2193b of Title 10, United States Code and Department of Defense Instruction, 1025.7.

LFD COMMENT

In FY 2008 220 students completed the program.

Program Highlights

STARBASE Program Major Budget Highlights	
◆	The requested total funding increases by 48.1 percent in the 2011 biennium from the 2009 biennium are due to the program not yet being in full operation during the base year
Major LFD Issues	
◆	A number of the 2011 biennium goals are not definable as goals because they do not state desired outcomes, but only describe an on-going responsibility of the program.

Program Narrative

Goals and Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals

This program had no goals that were monitored by the legislature during the 2009 biennium

2011 Biennium Major Goals

Goal: Maintain fiscal responsibility for program funds.

Objective:

- o Ensure reconciliation with Federal Program Manager on monthly/quarterly reports

Goal: Provide personnel management to all employees (contracted and state)

Objective:

- o Ensure all appropriate human resource policies are current

Goal: Provide educational test data to participating school districts

Objective

- o Ensure Pre/Post results are analyzed and recommendations forwarded to school districts

Goal: Provide inquiry based education in math, science and technology in coordination with state Office of Public Instruction standards and local district benchmarks.

Objective:

- o Ensure curriculum objectives meet established state and local standards and benchmarks

Goal: Provide information required by congressional language in the National Defense Authorization Act.

Objective:

- o Ensure educational and demographic information on schools served is in the Annual Report to Congress.

LFD ISSUE

The Stated Goal is an Accountability Statement and Not a Goal.

A goal is a general statement about a desired outcome with one or more objectives that are specific, measurable, accountable, relevant and time bound. Rather than stating a desired outcome, several of the goals presented are accountability statements about normal work output typical of a job description. The legislature may wish to discuss with the division goals that demonstrate the direction that the program is going and provide a mechanism by which a value for the investment can be placed on the activity. The legislature may also wish to discuss objectives that can be measured to monitor success.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table						
Starbase						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
03000 Total Federal Special Funds	\$ 250,002	100.0%	\$ 370,598	100.0%	\$ 369,931	100.0%
03453 Air National Guard	250,002	100.0%	370,598	100.0%	369,931	100.0%
Grand Total	\$ 250,002	100.0%	\$ 370,598	100.0%	\$ 369,931	100.0%

This program is funded entirely with federal special revenue.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	250,002	250,002	500,004	67.52%
Statewide PL Adjustments	0	0	0	0.00%	120,515	119,859	240,374	32.46%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	81	70	151	0.02%
Total Budget	\$0	\$0	\$0		\$370,598	\$369,931	\$740,529	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					125,860					125,922
Vacancy Savings					(8,873)					(8,876)
Inflation/Deflation					17					21
Fixed Costs					3,511					2,792
Total Statewide Present Law Adjustments					\$120,515	\$119,859				
Grand Total All Present Law Adjustments					\$120,515	\$119,859				

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – The program is new in the 2009 biennium. The program has adhered to agency policy with regard to target market ratio and progression to market. The program achieved a 90 percent to market ratio with respect to the 2008 market survey.
- o **Vacancy** – The program has completed only one year of operation and has not experienced any turnover
- o **Pay Changes** – There have been no pay or position changes since the beginning of the program
- o **Retirements** – There were no retirements in the 2009 biennium and there are none expected in the 2011 biennium

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Managment Pgm Allocation										
04	0.00	0	0	81	81	0.00	0	0	70	70
Total	0.00	\$0	\$0	\$81	\$81	0.00	\$0	\$0	\$70	\$70

DP 6101 - Fixed Cost Workers Comp Managment Pgm Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	37.30	37.30	41.30	41.30	37.30	41.30	4.00	10.72%
Personal Services	2,098,036	2,261,822	2,418,358	2,422,517	4,359,858	4,840,875	481,017	11.03%
Operating Expenses	11,385,229	11,623,845	11,575,025	11,808,567	23,009,074	23,383,592	374,518	1.63%
Equipment & Intangible Assets	254,955	207,305	304,955	304,955	462,260	609,910	147,650	31.94%
Capital Outlay	0	0	0	0	0	0	0	n/a
Total Costs	\$13,738,220	\$14,092,972	\$14,298,338	\$14,536,039	\$27,831,192	\$28,834,377	\$1,003,185	3.60%
General Fund	1,191,692	1,151,627	1,265,535	1,383,866	2,343,319	2,649,401	306,082	13.06%
State Special	0	12,000	0	0	12,000	0	(12,000)	(100.00%)
Federal Special	12,546,528	12,929,345	13,032,803	13,152,173	25,475,873	26,184,976	709,103	2.78%
Total Funds	\$13,738,220	\$14,092,972	\$14,298,338	\$14,536,039	\$27,831,192	\$28,834,377	\$1,003,185	3.60%

Program Description

The Army National Guard, until federalized, is a state military organization which provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides funding for facilities management, environmental, and communications support to the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) providing state-wide communication services, security contracts, and leases for buildings and land used by the Army National Guard. The program is mandated by the U.S. and Montana constitutions and Title 10, Chapters 1-3, MCA.

Program Highlights

Army National Guard Major Budget Highlights	
♦	The total requested budget increases by 3.6 percent in the 2011 biennium from the 2009 biennium
♦	The executive requests a total of four new FTE and their associated expenditures in the 2011 biennium <ul style="list-style-type: none"> • 1.0 new FTE for facility maintenance • 3.0 new 100 percent federally funded FTE for National Guard operations.

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Monitored Goals

This program had no goals that were monitored by the legislature during the 2009 biennium

2011 Biennium Major Goals

Identified significant goals are:

Federal:

Goal: Sustain a highly trained and ready force that meets wartime operational, logistical, and personnel standards

Objectives:

- Maintain local armories to conduct training, perform maintenance activities on equipment, and provide storage of United States military property
- Utilize local training areas (private, federal and state land) to conduct military training
- Maintain state employees to manage the existing buildings and training areas

State:

Goal: Provide a highly trained community-based capability that responds rapidly to the needs of civil authorities in natural and man-made disasters

Objectives:

- Maintain necessary federal equipment in a constant state of readiness for use in local emergencies and disasters
- Devote a portion of federally funded training towards the accomplishment of state contingency missions
- Update, review, and exercise State Emergency Operations planning

Environmental:

Goal: To develop, implement, and oversee a comprehensive environmental compliance program for the Montana National Guard

Objectives:

- Provide written guidance that outlines responsibilities, policies, and procedures regarding hazardous waste/materials, field training activities, and other programs that may impact the environment
- Train and educate guard personnel regarding environmental programs and awareness
- Conduct internal assessment and assistance visits; liaison with sister agencies, negotiate with regulatory agencies; conduct public meetings, and research products, pollution prevention equipment and innovative technologies in support of Army Guard programs

Facilities:

Goal: To provide resources to plan, develop, maintain, and efficiently operate the facilities required to support the readiness training and missions of the Montana National Guard. When feasible; provide contracting for department construction and maintenance projects

Objectives:

- Sustain an effective and efficient communications system for all units of the Montana National Guard and provide emergency back-up communications system
- Provide local communities with support and access to buildings. Provide emergency shelter in the event of natural or man made disasters
- Provide for the maintenance and preservation of existing facilities through state and federal resources for, current and future functional utilization
- Conduct effective management for the heating, cooling, and lighting of existing facilities with an increased emphasis on energy conservation activities
- Provide project management for construction projects on state and federal property

**LFD
ISSUE**

Objectives Presented are not Measureable or Time-Bound

Objectives are included in the goal making process in order to provide the how, what, and when of the steps to achieve the goal. The objectives that are included with the goals lack some or all of these components. For example, in the last goal there is no definition of what project management is, how project management will be implemented, or when the project management is completed. Without these components there is no way to tell if the goal is being achieved. The legislature may wish to discuss with the division goals and objectives that can be used to measure success.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Army National Guard Pgm						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 1,191,692	8.7%	\$ 1,265,535	8.9%	\$ 1,383,866	9.5%
01100 General Fund	1,191,692	8.7%	1,265,535	8.9%	1,383,866	9.5%
03000 Total Federal Special Funds	12,546,528	91.3%	13,032,803	91.1%	13,152,173	90.5%
03132 National Guard	12,546,528	91.3%	13,032,803	91.1%	13,152,173	90.5%
Grand Total	\$ 13,738,220	100.0%	\$ 14,298,338	100.0%	\$ 14,536,039	100.0%

The Army National Guard program is funded with a combination of general fund and federal funds. During the base year, general fund accounted for 8.7 percent of overall expenditures. The funding ratio between general and federal funds depends on the nature of the activity, the use or location of the facility, and the goals of the operation. Possible scenarios include funding:

- 1) Entirely with state funds;
- 2) Entirely with federal funds; or
- 3) As a shared responsibility, with federal funds at 75 percent and general fund at 25 percent (service contract buildings).

When a facility is owned by the state and located on state land, maintenance costs are the responsibility of the state and utility costs are split evenly with the federal government. When a facility is state owned but located on federal land, the maintenance costs are funded 75 percent federal and 25 percent general fund, but utility costs are funded 100 percent general fund. When a facility is classified as a logistics facility, the funding is 100 percent federal funds for the entire facility. Federally owned facilities located on federal land and those that serve training missions are predominantly funded 100 percent with federal funds, except when the building is used as an armory. Armories constructed with federal funds and located on federal land are funded 100 percent general fund for maintenance and 50 percent federal and 50 percent general fund for utilities costs. When armories are rented to groups, the state special revenue funds generated from rental fees are used to augment general fund support of the facilities.

As a percentage of the total funding, general fund expenditures increase from 8.42 percent to 9.19 percent in the proposed budget for the 2011 biennium.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,191,692	1,191,692	2,383,384	89.96%	13,738,220	13,738,220	27,476,440	95.29%
Statewide PL Adjustments	45,288	106,795	152,083	5.74%	252,913	301,805	554,718	1.92%
Other PL Adjustments	28,413	85,255	113,668	4.29%	305,795	494,790	800,585	2.78%
New Proposals	142	124	266	0.01%	1,410	1,224	2,634	0.01%
Total Budget	\$1,265,535	\$1,383,866	\$2,649,401		\$14,298,338	\$14,536,039	\$28,834,377	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2010-----						-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					222,236					226,502	
Vacancy Savings					(92,809)					(92,986)	
Inflation/Deflation					115,342					126,721	
Fixed Costs					12,044					46,868	
Total Statewide Present Law Adjustments					\$256,813						\$307,105
DP 1201 - Operational Support for New ARNG Facilities											
	1.00	28,413	0	67,786	96,199	1.00	85,255	0	199,879	285,134	
DP 1202 - 100% Federal Support for National Guard Operations											
	3.00	0	0	209,596	209,596	3.00	0	0	209,656	209,656	
Total Other Present Law Adjustments											
	4.00	\$28,413	\$0	\$277,382	\$305,795	4.00	\$85,255	\$0	\$409,535	\$494,790	
Grand Total All Present Law Adjustments					\$562,608						\$801,895

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** –The program has followed agency policy for target market ratio and progression to market. By June, 2008 the program had achieved 104 percent of the 2006 market rate. After completing the current HB 13 pay adjustments the program projects a ratio of 90 percent of the 2008 executive branch market survey
- o **Vacancy** – The program did not identify individual positions as prone to high turnover or extended vacancies
- o **Legislatively applied vacancy savings** – Functional vacancy and expected staff turnover allowed the program to maintain the legislatively applied vacancy savings
- o **Pay Changes** – Program administration reports that there were no increases outside of HB 13
- o **Retirements** – The program had two retirements in the 2009 biennium. They expect one employee to be eligible for full retirement during the 2011 biennium at an estimated cost of compensated absence liabilities totaling \$28,750. The program continuously cross-trains its employees and does not expect any operational issues as a result of pending retirements

DP 1201 - Operational Support for New ARNG Facilities - The budget includes \$96,199 in FY 2010 and \$285,134 in FY 2011 general fund and federal special revenue funding to support the operational costs of Army National Guard facilities that will come on line after the base year. This funding is to provide a basic level of janitorial services, utilities, ground

maintenance, code required inspections such as fire sprinkler, fire alarm, and kitchen hood inspections. An additional 80 percent federally funded FTE is requested to maintain the additional square footage.

DP 1202 - 100% Federal Support for National Guard Operations - This request of \$209,596 in FY 2010 and \$209,656 in FY 2011 federal special revenue funding to hire 3.00 FTE and operations funding to support the Army National Guard (ARNG) mission. 1.00 FTE would provide supervision for the Geographic Information Systems employees while the other 2.00 FTE would replace contracted services for weapons vault and supply room alarm systems.

New Proposals

New Proposals											
-----Fiscal 2010-----						-----Fiscal 2011-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation											
	12	0.00	142	0	1,268	1,410	0.00	124	0	1,100	1,224
	Total	0.00	\$142	\$0	\$1,268	\$1,410	0.00	\$124	\$0	\$1,100	\$1,224

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	34.00	34.00	34.00	34.00	34.00	34.00	0.00	0.00%
Personal Services	1,992,722	2,146,792	2,176,799	2,199,912	4,139,514	4,376,711	237,197	5.73%
Operating Expenses	1,756,659	2,995,593	1,805,265	1,803,078	4,752,252	3,608,343	(1,143,909)	(24.07%)
Total Costs	\$3,749,381	\$5,142,385	\$3,982,064	\$4,002,990	\$8,891,766	\$7,985,054	(\$906,712)	(10.20%)
General Fund	351,740	388,315	375,468	375,918	740,055	751,386	11,331	1.53%
Federal Special	3,397,641	4,754,070	3,606,596	3,627,072	8,151,711	7,233,668	(918,043)	(11.26%)
Total Funds	\$3,749,381	\$5,142,385	\$3,982,064	\$4,002,990	\$8,891,766	\$7,985,054	(\$906,712)	(10.20%)

Program Description

The Air National Guard, until federalized, is a state military organization which provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides for administrative, facilities maintenance, security, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air National Guard program operates under both federal and state mandates in accordance with its dual missions and is mandated by the United States and Montana Constitutions and Title 10, Chapter 1-3, MCA.

Program Highlights

Air National Guard Major Budget Highlights	
◆	Requested funding decreases by 10.2 percent for the 2011 biennium from the 2009 biennium
◆	The executive budget request includes \$671,098 for fire fighter overtime in the 2011 biennium

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Monitored Goals

This program had no goals that were monitored by the legislature during the 2009 biennium

2011 Biennium Major Goals

Identified significant goals are:

Goal: Provide reliable facilities and utilities to meet readiness and mission requirements.

Objective:

- All outside agency directed inspections, audits or staff assistance visits will require a rating of satisfactory or higher

Goal: Conduct all activities in compliance with environmental, fire, and life safety codes, laws, and directives.

Objective:

- No notices of violation of environmental, fire or life safety laws or directives will be received.

**LFD
ISSUE**

Objectives are not relevant nor time bound

The stated objective does not provide a relevant, time bound step to achieve the goal but is rather a restatement of the desired outcome expressed in the goal. The objective should state what and when an action should be done in order to move towards the attainment of the goal. As an example, an objective relative to this goal might state: "planned activities will be reviewed for code compliance one week previous to commencement". In this way the objective leads to the attainment of the goal. The legislature may wish to discuss with the division objectives that help to monitor success.

Goal: Operate, maintain, repair, and construct ANG real property and real property installed equipment to accomplish mission requirements in the most economical fashion

Objective:

- Facility maintenance annual assessments by ANG Civil Engineering Technical Services will all be rated satisfactory or higher

Goal: Provide proper management and oversight of contract services

Objectives:

- Internal assessment of work orders will show 100 percent project completion as estimated to the customer
- United States Property and Fiscal Office audits reveal no significant findings

Goal: In accordance with Governor's initiative 20x10, design and construct all new military construction projects with an emphasis towards energy conservation

Objective:

- 100 percent of military construction projects meet the requirements outlined in Air National Guard Sustainable Design Policy dated 15 October, 2007

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Air National Guard Pgm						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 351,740	9.4%	\$ 375,468	9.4%	\$ 375,918	9.4%
01100 General Fund	351,740	9.4%	375,468	9.4%	375,918	9.4%
03000 Total Federal Special Funds	3,397,641	90.6%	3,606,596	90.6%	3,627,072	90.6%
03453 Air National Guard	3,397,641	90.6%	3,606,596	90.6%	3,627,072	90.6%
Grand Total	\$ 3,749,381	100.0%	\$ 3,982,064	100.0%	\$ 4,002,990	100.0%

The Air National Guard program is funded primarily from federal funds. In the base budget, federal funds supported 90.6 percent of the expenditures and general fund provided 9.4 percent. In the 2011 biennium, federal funds and general fund ratios would remain unchanged.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	351,740	351,740	703,480	93.62%	3,749,381	3,749,381	7,498,762	93.91%
Statewide PL Adjustments	23,658	24,117	47,775	6.36%	(97,901)	(89,389)	(187,290)	(2.35%)
Other PL Adjustments	0	0	0	0.00%	329,254	341,844	671,098	8.40%
New Proposals	70	61	131	0.02%	1,330	1,154	2,484	0.03%
Total Budget	\$375,468	\$375,918	\$751,386		\$3,982,064	\$4,002,990	\$7,985,054	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(68,199)					(57,235)
Vacancy Savings					(76,978)					(77,419)
Inflation/Deflation					37,051					41,004
Fixed Costs					10,225					4,261
Total Statewide Present Law Adjustments					(\$97,901)					(\$89,389)
DP 1301 - Federal Spending Authority for ANG Firefighter OT	0.00	0	0	329,254	329,254	0.00	0	0	341,844	341,844
Total Other Present Law Adjustments	0.00	\$0	\$0	\$329,254	\$329,254	0.00	\$0	\$0	\$341,844	\$341,844
Grand Total All Present Law Adjustments					\$231,353					\$252,455

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – The program reports no difficulties in following the agency's policy for target market ratio and progression to market. As of the beginning of FY 2007 the program reports salaries at 102 percent of the 2006 market survey and by the end of FY 2008 the program had achieved 111 percent of the 2006 market survey. The program expects their current target market ratio relative to the 2008 market survey to be 90 percent.
- o **Vacancy** – The program has not encountered high turnover or frequent vacancies.
- o **Legislatively applied vacancy savings** – To generate the legislatively applied vacancy savings the program used extended military leaves and deployments. Any additional personal services savings is spent on temporary employees or spent in contract services in order to balance workloads.
- o **Pay Changes** – The program made no pay changes outside of HB 13
- o **Retirements** – The program will have one employee retire during the 2009 biennium. There will be one employee eligible for full retirement in the 2011 biennium with a total compensated absence liability of \$15,000. There are no retirements in the 2011 biennium that are expected to impact operations. The program promotes cross-training continuously to deal with vacancies including leaves, deployments, and retirements.

DP 1301 - Federal Spending Authority for ANG Firefighter OT - The budget includes \$329,254 in FY 2010 and \$341,844 in FY 2011 federal special revenue funding to restore overtime and benefit costs incurred by the Air National

Guard firefighters in Great Falls at FY 2008 base levels. Overtime costs are zero based and must be reestablished each biennium.

New Proposals

New Proposals											
Program	FTE	Fiscal 2010				Fiscal 2011				FTE	Total Funds
		General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds		
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation											
13	0.00	70	0	1,260	1,330	0.00	61	0	1,093		1,154
Total	0.00	\$70	\$0	\$1,260	\$1,330	0.00	\$61	\$0	\$1,093		\$1,154

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	23.00	23.00	23.00	23.00	23.00	23.00	0.00	0.00%
Personal Services	1,177,516	1,388,326	1,360,782	1,365,258	2,565,842	2,726,040	160,198	6.24%
Operating Expenses	317,232	377,724	684,007	643,107	694,956	1,327,114	632,158	90.96%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	1,287,008	1,412,260	13,614,431	13,614,431	2,699,268	27,228,862	24,529,594	908.75%
Total Costs	\$2,781,756	\$3,178,310	\$15,659,220	\$15,622,796	\$5,960,066	\$31,282,016	\$25,321,950	424.86%
General Fund	1,046,158	1,099,667	956,842	953,621	2,145,825	1,910,463	(235,362)	(10.97%)
State Special	90,471	334,408	332,485	302,484	424,879	634,969	210,090	49.45%
Federal Special	1,645,127	1,744,235	14,369,893	14,366,691	3,389,362	28,736,584	25,347,222	747.85%
Total Funds	\$2,781,756	\$3,178,310	\$15,659,220	\$15,622,796	\$5,960,066	\$31,282,016	\$25,321,950	424.86%

Program Description

The Disaster and Emergency Services Division duties and responsibilities are provided for under Title 10, Chapter 3, MCA. The division is responsible for the coordination, development and implementation of emergency management planning, mitigation, response, and recovery statewide. This responsibility includes the administration and disbursement of federal Homeland Security and Emergency Management funds to eligible political subdivisions and tribal nations across the state. The division maintains a 24 hour a day point of contact to coordinate the volunteer, state, and federal response for assistance to political subdivisions and tribal nations in the event of a incident, emergency, or disaster.

Program Highlights

Disaster and Emergency Services Major Budget Highlights	
♦	The executive requests spending authority for \$24.8 million of federal grants that was provided through budget amendments in prior biennia

Program Narrative

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Monitored Goals

Goal: Sustain interoperability efforts of the six regional hazmat teams

Goal: Coordinate response with entities outside their local government jurisdiction

Goal: Maintain and update assigned state equipment used in hazardous materials response

2011 Biennium Major Goals

Goal: Ensure that a Comprehensive Emergency Management program exists in Montana to save lives and property.

Objectives:

- Improve planning & training at the local, tribal and state government levels for all hazard emergencies
- Assist local governments with response to emergencies and disasters
- Interface with the federal government to provide technical and financial assistance to the State, local, and tribal communities

Goal: Reduce human suffering and enhance the recovery of communities after disaster strikes

Objectives:

- Assist communities in recovery from disasters by coordinating volunteer, state and federal resources
- Encourage implementation of appropriate mitigation measures at the local level to prevent or reduce impacts of future disasters

Goal: Provide quality customer service in all our activities

Objectives:

- Respond to all inquiries in a timely and professional manner
- Take advantage of technology to provide services and information to citizens and local government

Goal: Coordinate Homeland Security efforts in the state with cities, counties, tribes, state and federal agencies, private businesses and volunteer organizations

Objectives:

- Sponsor three regional workshops for Homeland Security priorities
- Develop a strategic plan for Homeland Security
- Coordinate Homeland Security Grants

LFD ISSUE

Objectives Presented are Not Measureable or Time-Bound

Objectives are included in the goal making process in order to provide the how, what and when of the steps to achieve the goal. The objectives that are included with the goals lack some or all of these components. For example, in the last goal the objective states “coordinate homeland security grants”, but this does not state how many grants, who they are coordinating with or when the grants should be completed. Thus, there is no way to measure the effectiveness or the timeliness of the program in achieving its goals. The legislature may wish to discuss with the division updated objectives to make this determination.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Disaster & Emergency Services						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 1,046,158	37.6%	\$ 956,842	6.1%	\$ 953,621	6.1%
01100 General Fund	1,046,158	37.6%	956,842	6.1%	953,621	6.1%
02000 Total State Special Funds	90,471	3.3%	332,485	2.1%	302,484	1.9%
02156 Sar Des Dfwp Fees	23,851	0.9%	99,996	0.6%	99,996	0.6%
02170 Sar Des Off Road Vehicles	61,179	2.2%	124,990	0.8%	124,989	0.8%
02180 Emergency Preparedness Summit	-	-	60,000	0.4%	30,000	0.2%
02335 Des Training Conference	5,441	0.2%	47,499	0.3%	47,499	0.3%
03000 Total Federal Special Funds	1,645,127	59.1%	14,369,893	91.8%	14,366,691	92.0%
03134 Disaster & Emergency Services	1,645,127	59.1%	14,369,893	91.8%	14,366,691	92.0%
Grand Total	\$ 2,781,756	100.0%	\$ 15,659,220	100.0%	\$ 15,622,796	100.0%

The Disaster and Emergency Services Division is supported with general fund, state special revenue, and federal special revenue. The disaster coordination functions that provide support to communities and contribute to the overall mission of the division are usually funded on a 50/50 basis with general fund and federal special revenue. Disaster coordination functions focusing on specifically identified hazards or functions are usually funded 100 percent with federal funds.

The office of the Governor is also provided a number of specialized appropriations in the event of a declared emergency or disaster. The most notable of these is the authority to authorize up to \$16 million dollars for disaster relief. These funds are statutorily appropriated and expenditures are authorized through executive orders. In FY 2008 the Governor authorized \$784,937 from the general fund for disaster relief.

A portion of state special revenue is fee revenue from division-sponsored workshops and conferences and is used to support these functions. Other state special revenue includes fees from snowmobile and off road vehicle decals to support local search and rescue organizations. The executive budget would increase state special revenue spending authority by \$210,000 over the biennium for these and additional functions.

Homeland Security Funding

The department has received federal homeland security funding since FY 2002. Most of these funds have been added to the department's budget via the budget amendment (BA) process rather than the HB 2 legislative process due to the uncertainty of the amount and the timing of these federal grants. In the 2011 biennium, the executive proposes authority to expend these funds be made in HB 2.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,046,158	1,046,158	2,092,316	109.52%	2,781,756	2,781,756	5,563,512	17.79%
Statewide PL Adjustments	(99,468)	(102,638)	(202,106)	(10.58%)	179,621	173,250	352,871	1.13%
Other PL Adjustments	9,769	9,769	19,538	1.02%	261,566	231,566	493,132	1.58%
New Proposals	383	332	715	0.04%	12,436,277	12,436,224	24,872,501	79.51%
Total Budget	\$956,842	\$953,621	\$1,910,463		\$15,659,220	\$15,622,796	\$31,282,016	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				205,697					210,358
Vacancy Savings				(55,328)					(55,513)
Inflation/Deflation				1,287					1,466
Fixed Costs				27,965					16,939
Total Statewide Present Law Adjustments				\$179,621					\$173,250
DP 2101 - State Special Revenue Spending Authority									
0.00	0	242,029	0	242,029	0.00	0	212,029	0	212,029
DP 2103 - DES Duty Officer Overtime									
0.00	9,769	0	9,768	19,537	0.00	9,769	0	9,768	19,537
Total Other Present Law Adjustments									
0.00	\$9,769	\$242,029	\$9,768	\$261,566	0.00	\$9,769	\$212,029	\$9,768	\$231,566
Grand Total All Present Law Adjustments				\$441,187					\$404,816

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** – The program reports that they are having no difficulties adhering to the agency’s policy for target market ratio and progression to market. The program has met or exceeded the target market ratio in relation to the 2006 market rate survey and expects to achieve a ratio of 95 percent of the 2008 market rate survey in calendar year 2008
- o **Vacancy** – The program has no positions that are prone to high turnover or frequent vacancies
- o **Legislatively Applied Vacancy Savings** – In order to achieve the mandated 4.0 vacancy savings rate, the program has held vacant positions open. Any additional authority generated is used for contracted services and pay changes to move employees to market
- o **Pay Changes** – Pay changes outside of HB 13 were provided program wide in order to bring positions to the current market survey rate. The financial impact of the market increases was a little less than half of the HB 13 increase. Funding for these increases was accomplished by holding positions open
- o **Retirements** – Four FTE employees are retiring in the 2009 biennium. One employee is eligible for full retirement in the 2011 biennium at a total compensated absence liability of \$20,545. The program expects no impact to program delivery or customers as a result of these retirements

DP 2101 - State Special Revenue Spending Authority - The executive requests an increase in state spending authority of \$242,029 in FY 2010 and \$212,029 in FY 2011 to provide reimbursements through the Emergency Management Assistance Compact and account for expenditures at the annual Governor's Emergency Preparedness Summit. A portion of this additional authority would also be used to reimburse county sheriffs and local search and rescue units for expenses related to search and rescue missions, training, and equipment.

DP 2103 - DES Duty Officer Overtime - The budget includes \$19,537 general fund and federal special revenue funding each year of the biennium to restore overtime to FY 2008 base levels for DES Duty Officers to provide 24 hour, 7 day a week disaster and emergency response. Overtime is zero based and must be reestablished each biennium.

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2102 - Additional Federal Spending Authority										
21	0.00	0	0	12,435,390	12,435,390	0.00	0	0	12,435,455	12,435,455
DP 61010 - Fixed Cost Workers Comp Management Pgm Allocation										
21	0.00	383	0	504	887	0.00	332	0	437	769
Total	0.00	\$383	\$0	\$12,435,894	\$12,436,277	0.00	\$332	\$0	\$12,435,892	\$12,436,224

DP 2102 - Additional Federal Spending Authority - Montana Disaster and Emergency Services (DES) is the State Administrative Agency for various FEMA and Homeland Security grants. The receipt of these grants does not always align with the budgeting cycle. In an effort to integrate these grants into the budget cycle, DES is requesting the spending authority to execute these grants rather than as budget amendment requests outside the legislative budgeting process. The total request is for \$24,870,845 federal special revenue authority in the 2011 biennium with \$511,939 for operating expenses and \$24,358,906 for grants. The anticipated grants for the 2011 biennium are:

1. Homeland Security Grant Program: to help strengthen the state against risks associated with potential terrorists attacks.
2. Buffer Zone Protection Program: to help strengthen the Montana's critical infrastructure against risks associated with potential terrorists attacks.
3. Interoperable Emergency Communications Grant Program: to improve local, tribal, regional and state wide interoperable emergency communications.
4. Hazardous Materials Emergency Preparedness Grant: to increase state, tribal and local effectiveness in safely and efficiently handling hazardous materials accidents and incidents.
5. Comprehensive Environmental Response, Compensation and Liability Act: for planning, exercising and educational projects that will serve to enhance hazardous materials preparedness.
6. Stonegarden: to enhance cooperation and coordination between law enforcement agencies in a joint mission to secure the United States land borders.

DP 61010 - Fixed Cost Workers Comp Management Pgm Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	25.00	25.00	30.00	30.00	25.00	30.00	5.00	20.00%
Personal Services	1,235,457	1,231,705	1,410,509	1,413,498	2,467,162	2,824,007	356,845	14.46%
Operating Expenses	366,275	523,221	563,711	560,183	889,496	1,123,894	234,398	26.35%
Equipment & Intangible Assets	17,730	100,000	17,730	17,730	117,730	35,460	(82,270)	(69.88%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,619,462	\$1,854,926	\$1,991,950	\$1,991,411	\$3,474,388	\$3,983,361	\$508,973	14.65%
General Fund	705,718	728,439	895,781	895,876	1,434,157	1,791,657	357,500	24.93%
State Special	913,744	1,126,487	1,096,169	1,095,535	2,040,231	2,191,704	151,473	7.42%
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$1,619,462	\$1,854,926	\$1,991,950	\$1,991,411	\$3,474,388	\$3,983,361	\$508,973	14.65%

Program Description

The Veterans Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemeteries located at Miles City, Fort Harrison, in Helena and Missoula. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate provided in Title 10, Chapter 2, MCA.

Program Highlights

Department of Veterans Affairs Major Budget Highlights	
♦	The executive requests five additional FTE and associated expenditures funded solely from state special revenue. <ul style="list-style-type: none"> • 2.0 FTE for expanded operations and maintenance at Missoula veterans' cemetery • 3.0 FTE for veterans' service officers
Major LFD Issues	
♦	State special revenue funds do not support the requested expenditures for the Missoula veterans cemetery

Program Narrative

Goals and Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Monitored Goals

This program had no goals that were monitored by the legislature during the 2009 biennium

2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The LFD recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim. Identified significant goals are:

Goal: To prepare and file veteran benefit claims with the Federal Veterans Administration

Objective:

- Agency's annual veterans' benefits claim production, as submitted by agency veterans' service offices

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The Stated Goal is an Accountability Statement and Not a Goal.

A goal is a general statement about a desired outcome with one or more specific objectives that are specific, measurable, accountable, relevant and time bound. Rather than stating a desired outcome, the above goal is an accountability statement about normal work output typical of a job description. The above objective provides neither measurement nor time constraint by which to achieve the goal. The legislature may wish to discuss with the division objectives by which success can be measured.

Goal: To maximize the receipt of veterans' Federal Veterans Administration compensation for earned benefits and entitlements

Objective:

- Agency's annual compilation of veterans' receipt of federal Veterans Administration financial benefits resultant of agency veterans services provision

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Objectives are Not Measurable Nor Time-Bound

The above objective provides no specific, measurable or time bound steps that lead to the attainment of the goal. In particular, simply adding up the total receipt of financial benefits provides no quantitative information regarding the maximization of the benefits. An appropriate objective would state how and when an activity would lead to the maximization of the earned benefits and entitlements. The legislature may wish to discuss with the division objectives that can be used to measure success.

Goal: To continually monitor and evaluate veterans' service operations to attain compliance with Executive Order number 35-2008; the Governor's 20x10 initiative

Objective:

- Attain a 20 percent reduction in motor vehicle fuel usage by 2010

Goal: To construct, operate and maintain State Veterans' Cemeteries in accordance with applicable federal and state statutes and the National Cemetery Administration's National Shrine Standards

Objective:

- State veterans' cemeteries- through federal VA formal evaluation (Triennial On-Site Review)- maintain federal VA recognition as a "state veterans cemetery" which reflects appearance, operational and facility compliance with National Shrine Standards

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Objective states an evaluative criteria, but Does Not Provide Steps for Attainment of the Goal

The above objective provides no specific, measurable or time bound steps that lead to the attainment of the goal. The objective simply states the mechanism by which the facility is evaluated, not how it will achieve the standards expressed in the goal. The legislature may wish to instruct the division to provide appropriately written objectives to the goal prior to taking action on the proposed budget

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Veterans Affairs Program						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 705,718	43.6%	\$ 895,781	45.0%	\$ 895,876	45.0%
01100 General Fund	705,718	43.6%	895,781	45.0%	895,876	45.0%
02000 Total State Special Funds	913,744	56.4%	1,096,169	55.0%	1,095,535	55.0%
02214 Veterans Affairs Cemeteries	217,575	13.4%	309,239	15.5%	308,763	15.5%
02523 Missoula Cemetery Plot Allowance	-	-	25,000	1.3%	25,000	1.3%
02524 Missoula Cemetery Donations	-	-	50,000	2.5%	50,000	2.5%
02548 Veterans Affairs Sb401	682,284	42.1%	633,082	31.8%	632,932	31.8%
02550 Ft Harr Va Cemetery Donations	4,465	0.3%	14,453	0.7%	14,451	0.7%
02551 Ft Harr Va Cemetery Plot Allow	9,420	0.6%	39,395	2.0%	39,389	2.0%
02552 Estrn Mt Va Cemetery Plot All	-	-	15,000	0.8%	15,000	0.8%
02553 Estrn Mt Va Cemetery Donations	-	-	10,000	0.5%	10,000	0.5%
Grand Total	\$ 1,619,462	100.0%	\$ 1,991,950	100.0%	\$ 1,991,411	100.0%

The Veterans' Affairs program is funded with both general fund and state special revenue. State special revenue is derived from a portion of the vehicle licensing fees and from the sale of branded license plates. Cemetery operations are fully funded by state special revenue received primarily from the sale of veterans' license plates with a smaller portion being received from donations and cemetery plot allowances.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	705,718	705,718	1,411,436	78.78%	1,619,462	1,619,462	3,238,924	81.31%
Statewide PL Adjustments	67,740	67,864	135,604	7.57%	29,639	29,051	58,690	1.47%
Other PL Adjustments	0	0	0	0.00%	220,405	220,499	440,904	11.07%
New Proposals	122,323	122,294	244,617	13.65%	122,444	122,399	244,843	6.15%
Total Budget	\$895,781	\$895,876	\$1,791,657		\$1,991,950	\$1,991,411	\$3,983,361	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					56,684					59,611
Vacancy Savings					(51,686)					(51,802)
Inflation/Deflation					11,753					13,427
Fixed Costs					12,888					7,815
Total Statewide Present Law Adjustments					\$29,639					\$29,051
DP 3101 - VA Cemetery Operations Support										
2.00	0	220,405		0	220,405	2.00	0	220,499	0	220,499
Total Other Present Law Adjustments	2.00	\$0	\$220,405	\$0	\$220,405	2.00	\$0	\$220,499	\$0	\$220,499
Grand Total All Present Law Adjustments					\$250,044					\$249,550

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** –The program has had no difficulties in following the agency’s policies for target market ration and progression to market. The program is currently achieving a 93 percent ratio to market as compared to the 2008 market survey.
- o **Vacancy** – The program has not identified any positions with high turnover rates or frequent vacancies.
- o **Legislatively Applied Vacancy Savings** – In an attempt to achieve 4.0 percent vacancy savings, the program held vacant positions open, but were unable to produce any vacancy savings. The program overspent their personal services budget by 5.0 percent
- o **Pay Changes** – Increases outside of HB 13 were given to improve internal pay equity. These increases were approximately 10.7 percent of the HB 13 increases. The program states that these were funded by holding vacant positions open and by moving funding from other operational areas.
- o **Retirements** – One employee is eligible for retirement in the 2009 biennium. Six employees are eligible for full retirement in the 2011 biennium at a total anticipated compensated absence liability for those retirements of \$72,298. The projected six retirements include both staff members from the Kalispell veterans’ service office. With both leaving at approximately the same time, and the training/experience requirements incumbent to a veterans service officer’s proficiency, the Kalispell veterans service area will experience a distinct shortfall in competent services for up to one year. Steps planned to mitigate the shortfall in professional services include: 1. Attempt to stagger the retirements by a year; and 2. initiate a succession planning process by double filling positions to accomplish transfer of knowledge and training requirements.

DP 3101 - VA Cemetery Operations Support - This request is for \$220,405 FY 2010 and \$220,499 FY 2011 of state special revenue spending authority and 2.00 FTE to support the operations and maintenance of the Montana State Veterans Cemeteries located at Fort Harrison in Helena, Eastern Montana State Veterans Cemetery in Miles City, and the new Western Montana State Veterans Cemetery in Missoula. The requested 2.00 FTE would operate and maintain the newly constructed Western Montana State Veterans Cemetery in Missoula.

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This decision package requests funding from multiple state special revenue accounts. The executive has projected revenue for these accounts in excess of the Legislative Fiscal Division's revenue estimates.

By applying the LFD projected fund revenues and the program requested disbursements, all of the funds with the exception of the Fort Harrison plot allowance fund produce a net negative impact on the fund balance. (Figure 1, net effect on fund balance)

Two funds, the Missoula plot allowance and the Missoula donation funds, have no revenue history previous to FY 2008 so the projected negative impact to the fund is tentative. The fund balances in at least two accounts (2214 and 2553) will not support the structural imbalance caused by the budgeted level of spending.

Figure 1
Fund Balance Revenues and Disbursements
Veterans Administration
2011 Biennium

Fund number and name	LFD Projected Fund Revenue		Budgeted Disbursements		Net effect on fund balance	
	2010	2011	2010	2011	2010	2011
2214 Veterans affairs cemeteries	\$179,706	\$176,024	\$309,239	\$308,763	(\$129,533)	(\$132,739)
2523 Missoula cemetery plot allowance	0	0	25,000	25,000	(25,000)	(25,000)
2524 Missoula cemetery donations	20	20	50,000	50,000	(49,980)	(49,980)
2550 Ft Harrison cemetery donations	7,964	7,964	14,453	14,451	(6,489)	(6,487)
2551 Ft Harrison cemetery plot allowance	45,810	45,810	39,420	39,420	6,390	6,390
2552 Eastern MT cemetery plot allowance	9,202	9,202	15,000	15,000	(5,798)	(5,798)
2553 Eastern MT cemetery donations	281	281	10,000	10,000	(9,719)	(9,719)
Ending Fund balances						
	2008 Fund Balance		2011 FB using LFD projected revenue			
2214 Veterans affairs cemeteries		\$179,722		(\$82,550)		
2523 Missoula cemetery plot allowance		0		(50,000)		
2524 Missoula cemetery donations		20		(99,940)		
2550 Ft Harrison cemetery donations		56,154		43,179		
2551 Ft Harrison cemetery plot allowance		269,229		282,009		
2552 Eastern MT cemetery plot allowance		49,752		38,156		
2553 Eastern MT cemetery donations		0		(19,438)		

*FY 2008 revenue for state special revenue is exclusive of one-time grant transfer of \$148,314

Option

The legislature may wish to discuss with the program how it intends to maintain structural balance in funding the increased number of cemeteries.

New Proposals

New Proposals										
Program	Fiscal 2010					Fiscal 2011				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3102 - Expand and Enhance Statewide Veterans Services										
31	3.00	121,436	0	0	121,436	3.00	121,525	0	0	121,525
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation										
31	0.00	887	121	0	1,008	0.00	769	105	0	874
Total	3.00	\$122,323	\$121	\$0	\$122,444	3.00	\$122,294	\$105	\$0	\$122,399

DP 3102 - Expand and Enhance Statewide Veterans Services - The executive recommends 3.00 FTE and operating funds to provide service to the state's veterans, particularly in the areas of posttraumatic stress disorder and traumatic brain

injury, and the increase in the average number and complexity of veterans disability claims. The positions would be Veterans Service Officers, and would be stationed in Polson, Billings, and Helena.

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.